

MANAGING FOR RESULTS EVALUATION CRITERIA AND GUIDANCE

ASSESSMENT OF AGENCY MANAGING FOR RESULTS SUBMISSIONS

The Department of Budget and Management (DBM) convened an inter-agency work group in May 1999 to develop criteria to assess components of agency MFR plans, which are submitted to the Department of Budget & Management. The Department of Budget and Management recommends that agencies apply the MFR criteria questions to the components of their MFR plans prior to submission to DBM.

The criteria and guidance in this document are to be used to perform a general assessment of components of agency Managing for Results (MFR) plans. This methodology is not intended to direct a thorough review of an agency's performance reporting system, although it may identify issues that deserve additional in-depth attention in a follow-up review. The guidance provided is based upon the Maryland Managing for Results Guidebook and MFR evaluation criteria developed by the Interagency MFR Criteria Work Group. Agencies should refer to the Managing for Results Guidebook for detail about components of the MFR plan.

When applying these evaluation criteria and guidance, consider whether the MFR plan components show a reasonable and good faith effort to develop a strategic plan that focuses on outcomes and results. It is important to assess the MFR submissions in consideration of the specific circumstances of each agency.

Most of the evaluation criteria questions can be answered by reviewing the agency MFR submissions. Budget Analysts are to engage in dialogue with agency staff about aspects of the MFR submissions that do not meet the criteria. Questions to pursue in discussion with the agencies to gain a further understanding of components of the agency's MFR plan are listed separately from the questions directly related to the evaluation criteria.

MISSION

A short comprehensive statement of the reason for an organization's existence. It succinctly identifies what an organization does (or should do), and for whom it does it.

The agency and program mission statements should answer the following questions:

1. Who are the stakeholders/customers that the agency or program serve?
2. What are the intended results that will meet stakeholder/customer needs?
3. What services/activities are used to meet the needs of the stakeholders/customers?

The mission statement analysis may answer the following question:

1. What are the agency's paramount values?

Guidance in applying the criteria:

The internal/external assessment sets the stage for development of the agency and program missions. Through these assessments, stakeholders/customers and their needs are identified. The mission statement should reflect the desired outcomes/results which are based upon the identified stakeholder/customer needs, and which should occur through the provision of the agency's/program's services and activities.

VISION

A brief and compelling description of the preferred, ideal future, including the conditions and quality of life.

The agency and program vision statements should answer the following question:

1. What would Maryland be like if the agency's and program's visions (outcome goals) were achieved?

Guidance in applying the criteria:

The vision should be challenging and about the preferred, ideal future, yet be realistic and achievable. Achievement of the mission and goals should bring the agency and programs close to or in line with the vision.

GOALS

The general ends toward which an organization directs its efforts. Goals clarify the mission, provide direction, but do not state how to get there.

The agency and program goals should answer the following questions:

1. What outcome is sought by the goal?
2. What strategic issue is addressed by the goal?
3. What performance concept (result) in the goal is measurable?
4. Is the number of goals manageable?
5. Do current or proposed program activities relate to the goals?

Guidance in applying the criteria:

Goals should have a succinct and concrete statement of expected outcomes. Goals should reflect priorities in that they address very important matters to accomplish in the future. **In other words, goals should address what must be achieved by the agency to be successful rather than focusing on outputs or processes.**

Although goals should state the direction that the agency is working toward, they should not state how the agency will get there/achieve the desired result. Strategies and action plans tell how to get there.

OBJECTIVES

Specific and measurable targets toward accomplishment of a goal.

The agency and program objectives should answer the following questions:

1. How do the goals and objectives support the agency's mission and vision that have been submitted?
2. Specific: What specific aspects of the outcomes are sought after in the objective?
3. Measurable: What is being measured? What targeted level of performance for the desired outcome is specified by the objective?
4. Attainable: Do the agency's performance targets seem aggressive enough considering baseline performance and other factors? What factors may impact the agency's ability to attain the objective?
5. Results-Based: What outcome is sought in the objective?
6. Time Bound: When can you expect to see results?

Guidance in applying the criteria:

Objectives should state a performance target tied to the outcome(s) stated in the goal(s) that the objective supports. The performance target is developed based upon the agency's baseline performance level, benchmarking information, and the agency's ability to achieve the desired outcome. The difference between the performance target and the actual performance is the basis for defining the quantified objective.

When assessing the performance target, it is important to understand its basis, e.g. baseline and trend data, benchmarking activities, and factors that can impact performance such as money, people, time, economic conditions, and political considerations.

The objective should include a realistic time frame.

STRATEGIES

**Specific courses of action that will be undertaken to accomplish goals and objectives.
Strategies reflect budgetary and other resources.**

The agency and program objectives should answer the following questions:

1. Explain how the strategy influences attainment of goals and objectives?

Guidance in applying the criteria:

Strategies should be designed to improve an agency's capacity, resources, and/or influence. They should state specific courses of action to achieve goals and objectives.

PERFORMANCE MEASURES

The system of customer-focused, quantified indicators that let an organization know if it is meeting its goals and objectives.

The agency performance indicators should answer the following questions:

1. Is the performance concept in the goal measured?
2. Are the performance measures valid? If not, describe the aspects that are not valid.
3. Are the performance measures clear? If not, what is not clear?
4. What is the agency's baseline performance?
5. What benchmarks (internal or external) exist that relate to the performance targets?
6. What outcomes and results have been produced by the program?

Guidance in applying the criteria:

Performance measures should be clearly related to the program performance that they will be used to evaluate. The number of measures for each goal and related objectives should not be excessive, yet it is critical that they represent the important dimensions of performance for those goals and objectives.

Agencies are not required to report every type of measure for each goal and related objectives. Agencies should report some combination of measures which gives a balanced picture of program performance. **Outcome measures should be reported for each program and agency. An appropriate and balanced mix of input, output, efficiency, and quality measures also should be submitted for each program. There should be some measure that applies to each objective.**

Performance Measures Continued:

Terms used in performance measures must be precisely defined so that the measures are correctly understood and calculated. Formulas for calculation of the measures should be defined. The definitions of measures should be documented by agencies and available upon request.

When defining measures, sources for the data must be identified and documented, and readily available upon request.

When establishing performance measurement systems, agencies should ensure that performance information is sufficiently complete, accurate, and consistent. The data collection, maintenance, and processing systems should be designed to avoid significant error and biases. The agencies should be able to provide sufficient information on verification and validation procedures upon which an assessment can be made about whether these procedures and the reported data are credible. Procedures may include periodic review of data collection, maintenance, and processing procedures; periodic sampling and review of data; independent audits; or other established procedures for verifying and validating data.

Agencies should assess the adequacy of their information and accounting systems for collecting and analyzing performance data. The agencies should be able to discuss the adequacy of these systems and additional systems needs. Significant data limitations should be identified. Data supplied from an external source should be indicated.

Explanatory notes should be provided with performance measurement data to explain the level of performance, and promote appropriate interpretation of the data. Factors that affect program performance such as economic, demographic, social, technological, or environmental factors, as well as actions of other governmental entities, should be explained.

Budget Analysts are to engage in discussions with agency personnel to gain a full understanding of the relationship between the agency's MFR plan, performance data, and its budget request. Any funding requests for adjustments to the Current Services Budget, must have justification that is related to the agency's outcome goals and demonstrated need.

If agencies do not meet performance targets stated in their goals, Budget Analysts are to discuss the reasons why by asking questions such as:

- How does the reported performance compare to previous periods? What is the agency's baseline performance level and when was it established?
- What factors (internal and external) affect performance to the extent that performance targets may not be met? What degree of control does the agency or program have over these factors? Is any variance from the planned objective due to an incorrect projection of performance? If yes, will the performance target in the objective be modified? Explain.
- What is the agency's plan to successfully achieve desired outcomes? What if any changes in goals, objectives, and/or strategies are being considering?

Performance measurement data and agency explanations can be used in the following ways

to assist in making budget recommendations:

- Outcome and quality measures - use to assess an agency's effectiveness in serving its key customers and in achieving its mission and goals; and to direct resources to strategies with the greatest effect on the most valued outcomes.
- Input and output measures - use to assess agency workload and demand for services as well as agency efforts to address those demands.
- Efficiency measures - use to assess the efficiency of agency operations.

Additional questions concerning the linkage between the MFR plan and budget requests may include:

- How was the current plan used to determine budget priorities?
- How did the agency use the priorities identified in their plan and performance measurement data to manage the agency and prepare future budgets?
- Are there are programs or activities that need to be eliminated, created, or restructured to achieve goals and objectives?

STRATEGIC PLANNING

Agencies may find that answering the following questions is helpful in ensuring that their planning process is meaningful.

Implementation:

- How is the strategic planning process institutionalized? Is management involved?
- Is the MFR plan communicated throughout the agency?
- What process is there for follow up on and improvement of the plan?
- Does PEP tie to the agency MFR plan?

Process:

- Who were the stakeholders/customers involved?
- How were stakeholders/customers involved in the process?
- What kind of internal and external assessment was performed? How did the agency determine strengths, weaknesses, opportunities, and threats (SWOT)?

Strategic Planning Continued:

Capacity:

- Who was involved in the process (internally)?
- How much MFR training was done? Who was trained?
- What is the time frame of the process?

The Overall Plan:

1. To what degree do the mission goals, objectives, and strategies reflect a logical and clear picture of intended performance?
2. Do the various components support each other?